

INNOVATION ZONES PLANNING GRANT APPLICATION RESPONSE

SUBMITTED BY

PACIFIC MOUNTAIN WORKFORCE DEVELOPMENT COUNCIL

ON BEHALF OF OUR

REGIONAL **P**ARTNERS

**CENTRALIA COLLEGE, CENTER OF EXCELLENCE FOR ENERGY
TECHNOLOGY**

GRAYS HARBOR COMMUNITY COLLEGE

PUGET SOUND ENERGY

BONNEVILLE POWER

WASHINGTON STATE LABOR COUNCIL

IBEW LOCAL 77

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SATSOP DEVELOPMENT PARK

GRAYS HARBOR ECONOMIC DEVELOPMENT

GRAYS HARBOR CHAMBER OF COMMERCE

EXECUTIVE SUMMARY

The Pacific Mountain Workforce Development Council received a planning grant from the Department of Community, Trade and Economic Development to determine the feasibility of an Innovation Zone within the jurisdictional boundaries of the Pacific Mountain Workforce Development Area that covers five counties - Pacific, Grays Harbor, Lewis, Mason, Pacific and Thurston.

Through a series of meetings with regional partners, the Pacific Mountain Workforce Development Council and its partners recommend the designation of the **Satsop Development Park** as an Innovation Zone.

The Park offers an unparalleled package of resources and advantages:

- Low Costs – Land, labor, living costs far below comparable locations
- Land Availability – More than 400 low-priced acres to suit any need
- Advanced Infrastructure – Containment vessel is unique facility for pressure testing
- Economics-facility offers economy of scale through the ability to inter connect firms.
- Rural Lifestyle – Homes on water, forest, farmland, or in small cities offer a wide range of choices
- Spectacular Nature – Near to Olympic National Park and the Pacific Coast – national scenic wonders
- Superb Recreation – Hiking, sport fishing, ocean surfing, kayaking...this region has it all for out door enthusiasts
- Intellectual Capacity- Central location to access 3 4-year colleges and 4 community colleges. The region also houses a Vocational Skills Center.

WHAT SATSOP DEVELOPMENT PARK OFFERS

LOCATION

Satsop Development Park, in western Washington, is centrally located. It is less than 1½ hours from Seattle, 25 minutes from Olympia, 1 hour from Tacoma or 2 hours from Portland, Oregon. The population centers of Olympia/Tumwater/Lacey, Aberdeen/Hoquiam, Centralia/Chehalis and Shelton are less than a 30 minute drive from the Park

The Park is easy to access via a four-lane state highway (SR-8) located just 25 minutes from Olympia and the I5 corridor, the West Coast's major transportation artery from Canada to Mexico.

Technology

The Park boasts state of the art telecommunications, superior infrastructure, exceptional tenant services and room to expand on the 440 acre mixed use business setting.

☼ **ADVANCED TELECOMMUNICATIONS**

- OC 48 telecommunication capabilities offer connectivity, redundancy and security
- Unlimited band width with full service voice and data lines
- Digital microwave and traditional telephone connectivity for backup
- Intecom-E PBX phone system capable of serving 20,000 ports
- An extensive fiber optic data network on site for use by PDA tenants
- Secure collocation facility with plenty of cabinet space
- Geographically diverse fiber optic routes to the Internet
- 72-strand fiber optic cable
- 24/7 network operation coverage on site for the park's data network management
- Uninterruptible power systems and backup generators

Infrastructure

Originally designed for a nuclear power plant, the Satsop Development Park represents a substantial investment in plant, equipment and infrastructure.

- Backup power supply lines
- Back up generators, water supply and sewage treatment systems
- Operational wastewater treatment plant
- 230kV, 500kV electrical systems on site
- 440 acres of fully developed property are available for sale, lease or joint venture activities
- Multiple heavy-duty access roads
- A regional workforce of over 68,000 people
- Water rights to 14 million gallons per day for a variety of uses
- Duke Energy constructing a 620 megawatt gas-fired combustion turbine project in the West Park complex

Growth

ROOM TO GROW - MOVE IN OR BUILD TO SUIT

The Grays Harbor Public Development Authority (PDA) has a proven track record of building quickly to suit tenants. A talented partnership team of architects, developers and the PDA means tenants can be up and running in less than six months. Part of the reason for their ability to move quickly is the Park enjoys cooperative permitting jurisdiction with no additional environmental review required. In fact, the only step required to begin construction would be a building permit! Two recent examples of their expediency and efficiency are: 1) a recent renovation of a 48,000 sq. ft. building for a tenant, and 2) the construction of a second 42,000 sq. ft. flex-tech office building. Both projects were delivered on time and within budget.

Questions and Responses

PROJECT ELEMENTS

HOW CAN STATE POLICY DEFINE GEOGRAPHIC AREAS THAT WILL CONSTITUTE AN “INNOVATION ZONE”?

Criteria to define a geographic area as an “Innovation Zone” must be flexible. While a minimum threshold should be advanced, the uniqueness of an area and the probability of success could be weighted factors in determining designation.

Location quotients may be a quantitative predictor, but without demonstrated collaboration from key stakeholders like education, the workforce system and economic development organizations, future success could be elusive.

The following criteria are advanced for consideration:

1. Is there an established partnership that includes:
 - Education – a combination of K-12, post secondary (CTC and at least 1 4-year higher education institution;
 - Private businesses;
 - Public/private non-profit organizations that include economic development, chamber of commerce, workforce development organizations;
 - Local government representation.
2. Does the geographic area recommended for designation presently have infrastructure necessary for new and expanding businesses?
 - Available land;
 - Technology infrastructure;
 - Labor supply;
 - Water and power supply.

3. Does the partnership, described in number 1, have a formal document that identifies a shared commitment for success; defined roles and responsibilities and a business plan outlining financial support for sustaining the partnership?
4. Does the Partnership identify a focus on what industry sector(s) will be targeted for recruitment or expansion?
5. Does the industry sector(s) identified in #4 align with local, regional and state efforts for economic development?
6. What benefits to business and the regional economy are identified as the result of an “Innovation Zone” designation?
7. Are there other factors like Foreign Trade Zone designation that adds value to the designation?

What specific resources would be needed to facilitate within the Innovation Zone? What are the potential labor supply and skill demands to promote these changes?

As proposed, the Satsop Development Park’s designation as an Innovation Zone would act as a catalyst in furthering the formal partnership agreement among the stakeholders. Anchoring this agreement is the creation of the Pacific Mountain Regional Training Center, collaboration between Centralia College and Grays Harbor College to regionalize training for demand-driven occupations within the energy sector, as well as transportation and marine technology.

The infrastructure for the training center is in place. Capital investment for tenant improvements like classroom set-up, equipment such as computers, furniture, laboratories for hands-on experience will need to be secured. The maintenance and operation costs for the sustainability of the center must also be acquired.

The partnership used analytical and statistical information to base their recommendation. The regional training center anchored by industry clusters of energy, transportation and marine technology demand occupations will produce a trained workforce that will become a pipeline for industry jobs. The Satsop Development Park will add one more value-added marketing tool to its portfolio, which was described earlier.

The Satsop Development Park is strategically located within a 30 mile radius of the major labor supply areas of the Pacific Mountain region – Aberdeen/Hoquiam, Shelton, Olympia and Centralia/Chehalis.

The civilian labor force for the described radius approaches 170,000. The unemployed, as of August 2006, totaled 12,000+ throughout the four county region. In addition to the unemployed, it is estimated that an additional 16,000 workers consider themselves under employed and available for recruitment to other employers. (The Pathfinders Report, July 2004, commissioned by Satsop Development Park.)

The Pacific Mountain Workforce Development Council and Consortium is an acknowledged leader in both dislocated worker and youth programs. Innovative programs such as summer camps focusing on marine manufacturing and natural resource careers has initiated a K-12 pipeline for both of those industries. In the area of dislocated workers, Pacific Mountain has a long history of mitigation when significant layoffs or closures occur. Most recently, the announcement of the pending closure of the Weyerhaeuser plant in Cosmopolis resulted in a rapid response, prompting the initiation of a power generation curriculum at the Satsop campus. More than 35 Weyerhaeuser workers are enrolled in this program in advance of the closure in September 2006.

US Census data estimates that youth living in poverty within the Pacific Mountain area, ranges from 24.3% to 31.7%. This stark statistic reinforces both opportunity and the necessity to expand economic growth and skills training to break this harsh cycle.

To stimulate innovation within the zone requires an investment of capital – both human and financial. In analyzing the need for human capital, this innovation strategy must shift paradigms from a traditional economic development model that evokes competition among jurisdictions for siting to a regional approach that values collaboration, a shared vision for regional success and a new way to measure outcomes the reinforces a regional set of metrics.

Another component of human capital invest lies in an anchor partnership consisting on one or more universities, two or more community/technical colleges, K-12, industry representatives, economic and workforce development professionals and the Satsop PDA. This partnership will oversee the evolution of the Innovation Zone as well as support the expansion/growth.

Addressing the financial capital required to facilitate innovation is a complex issue. As previously discussed, the infrastructure at the Satsop Development Park is superior, already in place and available at competitive costs.

In the public arena, the goal of establishing a regional training center has set in motion a series of activities to secure funds through federal grants (USDOP), foundations (National Science Foundation) and state and local resources, including workforce training dollars. A business plan, currently being drafted (ETA 10/1/06) will identify strategic activities leading to sustainable funding for on-going maintenance and operation of the campus.

Securing a research and development arm anchored by a university is also being pursued. Early conversations include Washington State University, Evergreen State College and St. Martin's University. The financial implications are unknown presently, but the infrastructure currently in place at Satsop mitigates the need for large capital investment.

What specific Technological advances are likely to be central to the economic future of the primary industry or industries in the Innovation Zone?

Selecting the energy industry as the anchor for the Innovation Zone offers unlimited potential for technological advances.

- The region has demonstrated its commitment to “green” power.
- Grays Harbor will site the largest U.S. manufacturing plant for biodiesel
- Nine Canyon Wind Project in Kennewick includes Grays Harbor, Mason and Lewis PUDs.
- Satsop Development Park has infrastructure and equipment to support research and development.
- The Pacific Northwest energy industry employs 22,000+ workers. More than half will be eligible to retire in 8 years.
- The skills sets necessary to perform these energy occupations require a minimum of 1 year post-secondary and/or an apprenticeship.
- Industry leaders will drive curriculum and training.

What Policy changes in state or local investments or industry supports could be redirected or expanded to promote the success of the Innovation Zone.

The following should be considered:

- In directing state resources minimize grant requirements; do not add conditions that cause administrative burden.
- The state should support a regional economic development network comparable to the 12 workforce development areas.

- When a state economic development strategy is adopted, funding should follow the state's strategy.
- Joint planning among economic development, workforce and education should be required.